

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF NEW HAVEN	County MACOMB
Fiscal Year End MARCH 31, 2006	Opinion Date 12/22/2006	Date Audit Report Submitted to State 02/15/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) JOHN W. RHINESMITH, C.P.A., P.C.		Telephone Number 586-772-7300	
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		Zip 48080	
Authorizing CPA Signature 		Printed Name JOHN W. RHINESMITH	License Number 19029

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Member:  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of the Village Board  
Village of New Haven  
New Haven, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Haven, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of New Haven, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Village, prior to the year ended March 31, 2005, had not maintained a record of its general fixed assets as required by accounting principles generally accepted in the United States of America. The effects of this omission on the financial statements of the governmental activities are not reasonably determinable. Also, the Village has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects, if any, of not maintaining a record of general fixed assets for the governmental activities and omitting Management's Discussion and Analysis as described previously the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of New Haven, Michigan as of March 31, 2006 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the effects, if any, of omitting Management's Discussion and Analysis as described previously, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Haven, Michigan as of March 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Members of the Village Board  
Village of New Haven, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of New Haven, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note A, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related statements, as of April 1, 2004.



JOHN W. RHINESMITH, C.P.A., P.C.  
Certified Public Accountant

December 22, 2006

VILLAGE OF NEW HAVEN  
STATEMENT OF NET ASSETS  
MARCH 31, 2006

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	\$3,313,324	\$2,047,950	\$5,361,274
RECEIVABLES:			
Taxes (net of allowance)	18,892	0	18,892
Accounts	42,068	271,802	313,870
PREPAID TRASH SERVICE	0	15,238	15,238
INTERNAL BALANCES	45,248	(45,248)	0
RESTRICTED ASSETS:			0
Certificates of deposit	37,936	157,552	195,488
CAPITAL ASSETS, NET OF DEPRECIATION	250,416	2,858,510	3,108,926
<b>TOTAL ASSETS</b>	<b>3,707,884</b>	<b>5,305,804</b>	<b>9,013,688</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	69,520	96,679	166,199
ACCRUED EXPENSES	14,605	9,279	23,884
DEPOSITS - SEWER TAPS DUE	0	136,477	136,477
DEPOSITS	0	117,447	117,447
CURRENT PORTION OF BONDS AND LEASES	42,054	85,200	127,254
LONG TERM DEBT: BONDS, LEASES AND COMPENSATED ABSENCES	165,431	93,720	259,151
<b>TOTAL LIABILITIES</b>	<b>291,610</b>	<b>538,802</b>	<b>830,412</b>
<b>NET ASSETS</b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	250,416	2,679,590	2,930,006
RESTRICTED:			
Sewer	0	157,552	157,552
Cemetery Perpetual Care	37,936	0	37,936
UNRESTRICTED	3,127,922	1,929,860	5,057,782
<b>TOTAL NET ASSETS</b>	<b>\$3,416,274</b>	<b>\$4,767,002</b>	<b>\$8,183,276</b>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2006

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>PRIMARY GOVERNMENT</b>							
GOVERNMENTAL ACTIVITIES							
General government	\$658,148	\$172,189	\$6,648	\$0	(\$479,311)	\$0	(\$479,311)
Public safety	841,153	0	32,926	0	(808,227)	0	(808,227)
Highways and streets	187,267	0	0	0	(187,267)	0	(187,267)
Parks and recreation	42,515	0	0	0	(42,515)	0	(42,515)
Interest on long term debt	12,094	0	0	0	(12,094)	0	(12,094)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,741,177</b>	<b>172,189</b>	<b>39,574</b>	<b>0</b>	<b>(1,529,414)</b>	<b>0</b>	<b>(1,529,414)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	525,969	473,492	0	0	0	(52,477)	(52,477)
Sewer	608,722	672,269	0	146,966	0	210,513	210,513
Building	170,644	174,826	0	0	0	4,182	4,182
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,305,335</b>	<b>1,320,587</b>	<b>0</b>	<b>146,966</b>	<b>0</b>	<b>162,218</b>	<b>162,218</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$3,046,512</b>	<b>\$1,492,776</b>	<b>\$39,574</b>	<b>\$146,966</b>	<b>(1,529,414)</b>	<b>162,218</b>	<b>(1,367,196)</b>
General revenues:							
Taxes					1,257,274	0	1,257,274
Licenses and permits					0	0	0
Intergovernmental					529,478	0	529,478
Interest					176,940	3,892	180,832
Miscellaneous					144,119	0	144,119
Transfers					0	0	0
<b>Total general revenues and transfers</b>					<b>2,107,811</b>	<b>3,892</b>	<b>2,111,703</b>
<b>CHANGE IN NET ASSETS</b>					<b>578,397</b>	<b>166,110</b>	<b>744,507</b>
<b>NET ASSETS - Beginning of the year</b>					<b>2,837,877</b>	<b>4,600,893</b>	<b>7,438,770</b>
<b>NET ASSETS - End of the year</b>					<b>\$3,416,274</b>	<b>\$4,767,003</b>	<b>\$8,183,277</b>

The accompanying notes are an integral part of the financial statements.



VILLAGE OF NEW HAVEN  
BALANCE SHEET - GOVERNMENTAL FUNDS  
MARCH 31, 2006

	MAJOR SPECIAL REVENUE FUNDS					OTHER		TOTAL
	GENERAL	MAJOR STREET FUND	LOCAL STREET FUND	MUNICIPAL STREET FUND	FIRE FUND	NONMAJOR GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS	
CASH AND CASH EQUIVALENTS	\$1,804,049	\$436,055	\$64,069	\$768,250	\$209,734	\$31,167		\$3,313,324
CERTIFICATES OF DEPOSIT - RESTRICTED	0	0	0	0	0	37,936		37,936
RECEIVABLES:								
Taxes (net of allowance)	18,892	0	0	0	0	0		18,892
Accounts	12,664	21,406	7,179	0	0	819		42,068
DUE FROM OTHER FUNDS	45,248	0	0	0	0	0		45,248
TOTAL ASSETS	\$1,880,853	\$457,461	\$71,248	\$768,250	\$209,734	\$69,922		\$3,457,468

LIABILITIES AND FUND EQUITY		LIABILITIES		FUND EQUITY	
ACCOUNTS PAYABLE	\$56,381	\$844	\$3,214	\$5,097	\$346
ACCRUED EXPENSES	14,605	0	0	0	0
DUE TO OTHER FUNDS	0	0	0	0	0
TOTAL LIABILITIES	70,986	844	3,214	5,097	346
RESERVED	0	0	0	0	37,936
UNRESERVED - UNDESIGNATED	1,809,867	456,617	68,034	763,153	31,640
	1,809,867	456,617	68,034	763,153	69,576
TOTAL LIABILITIES AND FUND EQUITY	\$1,880,853	\$457,461	\$71,248	\$768,250	\$69,922
				\$209,734	\$3,457,468

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS  
MARCH 31, 2006

TOTAL FUND BALANCE GOVERNMENTAL FUNDS	\$3,373,343
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets		312,191
Accumulated depreciation		(61,775)

Long - term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	(38,232)		
Capital leases	(169,253)		(207,485)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$3,416,274</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED MARCH 31, 2006

	MAJOR SPECIAL REVENUE FUNDS						OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	MAJOR STREET FUND	LOCAL STREET FUND	MUNICIPAL STREET FUND	FIRE FUND			
<b>REVENUES</b>								
Taxes	\$735,868	\$0	\$0	\$289,869	\$200,521		\$31,016	\$1,257,274
Licenses and permits	0	0	0	0	0		0	0
Intergovernmental	352,639	132,429	44,410	0	22,346		0	551,824
Charge for services	162,589	0	0	0	0		9,600	172,189
Interest earned	175,426	0	0	0	0		1,514	176,940
Miscellaneous	127,150	0	0	0	0		34,197	161,347
<b>TOTAL REVENUES</b>	<b>1,553,672</b>	<b>132,429</b>	<b>44,410</b>	<b>289,869</b>	<b>222,867</b>		<b>76,327</b>	<b>2,319,574</b>
<b>EXPENDITURES</b>								
General government	635,797	0	0	0	0		62,682	698,479
Public Safety	737,675	0	0	0	180,786		0	918,461
Highways and streets	0	87,186	63,880	36,201	0		0	187,267
Parks and recreation	42,515	0	0	0	0		0	42,515
<b>TOTAL EXPENDITURES</b>	<b>1,415,987</b>	<b>87,186</b>	<b>63,880</b>	<b>36,201</b>	<b>180,786</b>		<b>62,682</b>	<b>1,846,722</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>137,685</b>	<b>45,243</b>	<b>(19,470)</b>	<b>253,668</b>	<b>42,081</b>		<b>13,645</b>	<b>472,852</b>
<b>OPERATING FINANCING SOURCES (USES)</b>								
Transfers in	0	0	0	0	0		6,745	6,745
Transfers out	(1,223)	0	0	0	0		(5,522)	(6,745)
	(1,223)	0	0	0	0		1,223	0
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>136,462</b>	<b>45,243</b>	<b>(19,470)</b>	<b>253,668</b>	<b>42,081</b>		<b>14,868</b>	<b>472,852</b>
<b>FUND BALANCES</b>								
Beginning of the year	1,673,405	411,374	87,504	509,485	164,015		54,708	2,900,491
<b>FUND BALANCES End of the year</b>	<b>\$1,809,867</b>	<b>\$456,617</b>	<b>\$68,034</b>	<b>\$763,153</b>	<b>\$206,096</b>		<b>\$69,576</b>	<b>\$3,373,343</b>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2006

NET CHANGE IN FUND BALANCES TOTAL GOVERNMENTAL FUNDS	\$472,852
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Governmental funds report capital outlays as expenditures.  
However, in the statement of activities the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense.

Capital outlay	115,143
Depreciation expense	(44,264)

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however has no effect on net assets.	51,825
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Some expenses reported in the statement of activities do not  
require the use of current financial resources and therefore  
are not reported as expenditures in the funds.

Increase in accrued compensated balances	<u>(17,159)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$578,397</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
MARCH 31, 2006

	BUSINESS TYPE ACTIVITIES- ENTERPRISE FUNDS			
	WATER FUND	SEWER FUND	BUILDING FUND	TOTAL PROPRIETARY FUNDS
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$390,821	\$1,472,263	\$184,866	\$2,047,950
Prepaid Trash Service	0	15,238	0	15,238
Accounts receivable	127,712	144,090	0	271,802
<b>TOTAL CURRENT ASSETS</b>	<b>518,533</b>	<b>1,631,591</b>	<b>184,866</b>	<b>2,334,990</b>
<b>RESTRICTED ASSETS</b>				
Certificates of Deposit	0	157,552	0	157,552
<b>CAPITAL ASSETS, NET OF DEPRECIATION</b>	<b>1,444,995</b>	<b>1,413,515</b>	<b>0</b>	<b>2,858,510</b>
<b>TOTAL ASSETS</b>	<b>1,963,528</b>	<b>3,202,658</b>	<b>184,866</b>	<b>5,351,052</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$51,914	\$38,149	\$6,616	\$96,679
Accrued expenses	0	0	9,279	9,279
Deposits - Sewer taps due	0	136,477	0	136,477
Current portion of revenue bond	0	85,200	0	85,200
Due to other funds	0	45,248	0	45,248
Deposits	0	1,819	115,628	117,447
	51,914	306,893	131,523	490,330
<b>LONG TERM DEBT</b>				
Revenue bonds	0	93,720	0	93,720
<b>TOTAL LIABILITIES</b>	<b>51,914</b>	<b>400,613</b>	<b>131,523</b>	<b>584,050</b>
<b>NET ASSETS</b>				
<b>INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT</b>	<b>1,444,995</b>	<b>1,234,595</b>	<b>0</b>	<b>2,679,590</b>
<b>RESTRICTED</b>	<b>0</b>	<b>157,552</b>	<b>0</b>	<b>157,552</b>
<b>UNRESTRICTED</b>	<b>466,619</b>	<b>1,409,898</b>	<b>53,343</b>	<b>1,929,860</b>
<b>TOTAL NET ASSETS</b>	<b>\$1,911,614</b>	<b>\$2,802,045</b>	<b>\$53,343</b>	<b>\$4,767,002</b>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS  
- PROPRIETARY FUNDS  
YEAR ENDED MARCH 31, 2006

	BUSINESS TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTAL PROPRIETARY FUNDS
	WATER FUND	SEWER FUND	BUILDING FUND	
OPERATING REVENUES				
User charges	\$360,014	\$498,024	\$0	\$858,038
Water and Sewer tap - ins	87,355	164,245	0	251,600
Permits and licenses	0	0	174,826	174,826
Miscellaneous	26,123	10,000	0	36,123
TOTAL OPERATING REVENUES	473,492	672,269	174,826	1,320,587
OPERATING EXPENSES				
Salaries and wages	98,168	82,414	198,997	379,579
Plant charges	381,908	449,714	0	831,622
Professional fees	0	0	(30,836)	(30,836)
Depreciation	44,350	60,770	0	105,120
Miscellaneous	1,543	1,553	2,483	5,579
TOTAL OPERATING EXPENSES	525,969	594,451	170,644	1,291,064
OPERATING INCOME (LOSS)	(52,477)	77,818	4,182	29,523
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	0	3,892	0	3,892
Interest on bonds	0	(14,271)	0	(14,271)
TOTAL NONOPERATING REVENUES (EXPENSES)	0	(10,379)	0	(10,379)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(52,477)	67,439	4,182	19,144
CAPITAL CONTRIBUTIONS	0	146,966	0	146,966
CHANGE IN NET ASSETS	(52,477)	214,405	4,182	166,110
NET ASSETS - Beginning of the year	1,964,092	2,587,640	49,161	4,600,893
NET ASSETS - End of the year	\$1,911,615	\$2,802,045	\$53,343	\$4,767,003

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
YEAR ENDED MARCH 31, 2006

	BUSINESS TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTAL PROPRIETARY FUNDS
	WATER FUND	SEWER FUND	BUILDING FUND	
<b>CASH FLOWS - OPERATING ACTIVITIES</b>				
Receipts from customers	\$434,398	\$608,745	\$205,662	\$1,248,805
Receipts from general government	9,154	10,000	0	19,154
Payments to suppliers	(322,023)	(465,792)	(26,334)	(814,149)
Payments to general government	(38,328)	(29,199)	(10,000)	(77,527)
Payments to employees	(98,168)	(82,414)	(198,997)	(379,579)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(14,967)</b>	<b>41,340</b>	<b>(29,669)</b>	<b>(3,296)</b>
<b>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(62,438)	(60,925)	0	(123,363)
Principal and interest paid on bonds	0	(99,471)	0	(99,471)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(62,438)</b>	<b>(160,396)</b>	<b>0</b>	<b>(222,834)</b>
<b>CASH FLOWS - INVESTING ACTIVITIES</b>				
Interest on investments	0	3,892	0	3,892
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(77,405)</b>	<b>(115,164)</b>	<b>(29,669)</b>	<b>(222,238)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of the year</b>	<b>468,226</b>	<b>1,744,979</b>	<b>214,535</b>	<b>2,427,740</b>
<b>CASH AND CASH EQUIVALENTS - End of the year</b>	<b>\$390,821</b>	<b>\$1,629,815</b>	<b>\$184,866</b>	<b>\$2,205,502</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating Income	(\$52,477)	\$77,818	\$4,182	\$29,523
Adjustments to reconcile operating income to net cash flows from operating activities:				
Noncash items included in net income:				
Depreciation	44,350	60,770	0	105,120
Changes in:				
Accounts receivable	(29,940)	(53,524)	0	(83,464)
Accounts payable	24,006	(27,113)	(4,886)	(7,993)
Accrued expenses	(906)	(1,373)	2,339	60
Deposits	0	0	(31,304)	(31,304)
Prepays	0	(15,238)	0	(15,238)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(\$14,967)</b>	<b>\$41,340</b>	<b>(\$29,669)</b>	<b>(\$3,296)</b>
<b>NONCASH CAPITAL AND FINANCING ACTIVITIES</b>				
Capital asset contributed by developer	\$0	\$146,966	\$0	\$146,966
Capital asset acquired - Issued tap certificates	0	136,477	0	136,477
<b>TOTAL NONCASH CAPITAL AND FINANCING ACTIVITIES</b>	<b>\$0</b>	<b>\$283,443</b>	<b>\$0</b>	<b>\$283,443</b>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
<b>REVENUES</b>				
Taxes	\$651,035	\$727,475	\$735,868	\$8,393
License and permits	0	0	0	0
Intergovernmental	356,740	356,830	352,639	(4,191)
Charge for services	191,500	170,000	162,589	(7,411)
Interest earned	78,000	140,000	175,426	35,426
Miscellaneous	243,635	116,580	127,150	10,570
Previous Fund Balance	0	0	0	0
	<u>1,520,910</u>	<u>1,510,885</u>	<u>1,553,672</u>	<u>42,787</u>
<b>EXPENDITURES</b>				
General government	668,075	627,720	635,797	(8,077)
Public Safety	722,125	753,130	737,675	15,455
Parks and recreation	31,825	37,385	42,515	(5,130)
	<u>1,422,025</u>	<u>1,418,235</u>	<u>1,415,987</u>	<u>2,248</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	98,885	92,650	137,685	45,035
<b>OPERATING FINANCING SOURCES (USES)</b>				
Operating Transfers Out				
Building Fund	0	0	0	0
Cemetery Fund	(25,783)	(1,223)	(1,223)	0
	<u>(25,783)</u>	<u>(1,223)</u>	<u>(1,223)</u>	<u>0</u>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>				
	<u>\$73,102</u>	<u>\$91,427</u>	136,462	<u>\$45,035</u>
<b>FUND BALANCE</b>				
Beginning of the year			<u>1,673,405</u>	
<b>FUND BALANCE</b>				
End of the year			<u>\$1,809,867</u>	

The accompanying notes are an integral part of the financial statements.



VILLAGE OF NEW HAVEN  
MAJOR STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
<b>REVENUES</b>				
Intergovernmental -				
Motor Vehicle Highway Fund	\$138,000	\$138,000	\$132,429	(\$5,571)
<b>EXPENDITURES</b>				
Wages and clerical	25,800	22,550	21,830	720
Payroll taxes and benefits	13,250	14,150	13,658	492
Professional fees	11,800	0	4,748	(4,748)
Supplies	3,700	3,300	238	3,062
Gas and oil	1,900	2,600	2,170	430
Road maintenance and traffic service	9,000	6,050	11,861	(5,811)
Bridge maintenance	3,020	24,000	22,039	1,961
Equipment rental	13,300	10,200	10,489	(289)
Uniforms	0	200	153	47
Insurance and bonds	(625)	0	0	0
	<u>81,145</u>	<u>83,050</u>	<u>87,186</u>	<u>(4,136)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	56,855	54,950	45,243	(9,707)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out -				
Local Street fund	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
REVENUES AND OTHER				
SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER USES	<u>\$56,855</u>	<u>\$54,950</u>	45,243	<u>(\$9,707)</u>
<b>FUND BALANCE (DEFICIT)</b>				
Beginning of the year			<u>411,374</u>	
<b>FUND BALANCE (DEFICIT)</b>				
End of the year			<u>\$456,617</u>	

The accompanying notes are in integral part of the financial statements.

VILLAGE OF NEW HAVEN  
LOCAL STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>REVENUES</b>				
Intergovernmental -				
Motor Vehicle Highway Fund	\$45,000	\$45,000	\$44,410	(\$590)
CDBG	3,480	0	0	0
Previous Fund Balance	0	24,750	0	(24,750)
	<u>48,480</u>	<u>69,750</u>	<u>44,410</u>	<u>(25,340)</u>
<b>EXPENDITURES</b>				
Wages and clerical	28,600	26,475	24,501	1,974
Payroll taxes and benefits	12,150	11,900	11,304	596
Professional fees	0	0	3,108	(3,108)
Supplies	4,750	5,000	1,357	3,643
Gas and oil	1,400	1,600	1,649	(49)
Road maintenance and traffic service	1,500	6,900	5,168	1,732
Equipment rental	25,000	17,760	16,793	967
Uniforms	0	115	0	115
Insurance and bonds	(625)	0	0	0
Miscellaneous	0	0	0	0
	<u>72,775</u>	<u>69,750</u>	<u>63,880</u>	<u>5,870</u>
REVENUES OVER (UNDER) EXPENDITURES	(24,295)	0	(19,470)	(19,470)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in -				
Municipal Street Fund	24,295	0	0	0
Major Street Fund	0	0	0	0
	<u>24,295</u>	<u>0</u>	<u>0</u>	<u>0</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$0</u>	<u>\$0</u>	<u>(19,470)</u>	<u>(\$19,470)</u>
<b>FUND BALANCE (DEFICIT)</b>				
Beginning of the year			<u>87,504</u>	
<b>FUND BALANCE (DEFICIT)</b>				
End of the year			<u>\$68,034</u>	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
MUNICIPAL STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
REVENUES				
Taxes	\$262,565	\$290,500	\$289,869	(\$631)
EXPENDITURES				
Wages and clerical	5,500	5,500	5,500	0
Street lights	29,865	33,000	30,701	2,299
Bad debts	0	0	0	0
Miscellaneous	0	0	0	0
	<u>35,365</u>	<u>38,500</u>	<u>36,201</u>	<u>2,299</u>
REVENUES OVER (UNDER) EXPENDITURES	227,200	252,000	253,668	1,668
OTHER FINANCING SOURCES (USES)				
Operating transfers out - Local Street Fund	<u>(24,295)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>(24,295)</u>	<u>0</u>	<u>0</u>	<u>0</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$202,905</u>	<u>\$252,000</u>	253,668	<u>\$1,668</u>
FUND BALANCE (DEFICIT) Beginning of the year			<u>509,485</u>	
FUND BALANCE (DEFICIT) End of the year			<u>\$763,153</u>	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN  
FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>REVENUES</b>				
Taxes -				
Special Assessment	\$170,690	\$200,000	\$200,521	\$521
Intergovernmental -				
CDBG	0	9,900	9,900	0
Public Safety Grant	2,045	10,400	12,446	2,046
	<u>172,735</u>	<u>220,300</u>	<u>222,867</u>	<u>2,567</u>
<b>EXPENDITURES</b>				
Salaries and clerical	59,500	54,000	53,946	54
Payroll taxes and benefits	8,500	8,000	5,468	2,532
Supplies	3,250	9,200	8,980	220
Training	1,500	4,600	4,705	(105)
Gas and oil	1,400	1,700	1,600	100
Uniforms	200	900	900	0
Professional services	1,300	1,100	1,270	(170)
Telephone	4,000	3,500	3,787	(287)
Insurance	4,035	3,900	3,042	858
Heat, light and power	2,400	3,300	3,579	(279)
Vehicle expense	4,000	1,550	1,513	37
Repair and maintenance	2,325	600	393	207
Miscellaneous	1,825	1,050	841	209
Capital outlay	36,285	81,285	90,762	(9,477)
	<u>130,520</u>	<u>174,685</u>	<u>180,786</u>	<u>(6,101)</u>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>				
	<u>\$42,215</u>	<u>\$45,615</u>	42,081	<u>(\$3,534)</u>
<b>FUND BALANCE (DEFICIT)</b>				
Beginning of the year			<u>164,015</u>	
<b>FUND BALANCE (DEFICIT)</b>				
End of the year			<u>\$206,096</u>	

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of New Haven was incorporated in 1896, under the provisions of Act 3, P.A. 1895, as amended. The Village operates under an elected Board of Trustees and a Village President and provides the following services as authorized by its charter: public safety (police, fire and inspections), public works, public utilities, parks and recreation, finance, community development, and environmental protection.

The accounting policies of the Village of New Haven conform to generally accepted accounting principles as applicable to Villages, except as indicated in Note C labeled "Capital Assets". The following is a summary of the more significant accounting policies.

**SCOPE OF REPORTING ENTITY** - In accordance with the provisions of the Government Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards related to "Defining the Governmental Reporting Entity, " the financial statements of the Village of New Haven contain all the Village funds and authorities that are controlled by or dependent on the Village's executive or legislative branches. Control by or dependence on the Village was determined on the basis of appointment of governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Village, obligations of the Village to finance any deficits that may occur, receipt of significant subsidies from the Village, disposition of surplus funds, and scope of public service.

The New Haven Housing Commission is not part of the Village of New Haven and is excluded from the accompanying financial statements for the reasons stated:

- Village is not responsible for funding any of the Commission's deficits
- Village does not guarantee the Commission's debts
- Village does not approve the operating budget
- Village's subsidy is small in relation to the Commission's overall revenues

The Economic Development Corporation, a component unit of the Village, is excluded from the accompanying financial statements as it had no activity during the fiscal years ended March 31, 2006 and 2005.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Government activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Properties are assessed as of December 31, and the related property taxes become due July 1. These taxes become delinquent September 15, at which time the real estate taxes are added to county tax rolls. Delinquent personal property taxes are accounted for as a receivable.

The 2005 state taxable values of the Village of New Haven amounted to \$75,031,703 on which 9.8795 mills were levied for operating purposes, 4.0090 mills for municipal street and road improvement, and .4296 mills for operating and maintaining the Village cemetery.

The Village reports the following major governmental funds:

**GENERAL FUND** – This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

**SPECIAL REVENUE FUNDS** – The Major Street Fund, Local Street Fund, Municipal Street Fund and Fire Fund are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Village reports the following major proprietary funds:

ENTERPRISE FUNDS – The Water Fund, Sewer Fund and Building Fund report operations that provide services which are financed by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.

Additionally, the Village reports the following non-major governmental funds:

SPECIAL REVENUE FUNDS – The Cemetery Fund and the Cemetery Perpetual Care Trust Fund are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Residual balances between the business-type activities and the governmental activities are reported as "internal balances".

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g. labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. As set forth by Government Accounting Standards Board Statement #20, the Village has elected to follow all Financial Accounting Standards Board Statements issued after November 30, 1989.

**ASSETS, LIABILITIES, AND NET ASSETS**

**BANK DEPOSITS AND INVESTMENTS** - Cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**RECEIVABLES AND PAYABLES** - In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible amounts.

**INVENTORIES** - No significant inventories existed at March 31, 2006.

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**CAPITAL ASSETS** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Infrastructure assets acquired through governmental activities prior to April 1, 2004, have not been capitalized and are omitted from the Statement of Net Assets.

Assets are depreciated using the straight-line method over the following useful lives:

Buildings	20 – 50 years
Water and Sewer System	20 – 50 years
Road and Sidewalks	20 years
Machinery and Equipment and Vehicles	5 – 10 years
Water and Sewer Plant and Equipment	20 – 50 years

**LONG-TERM OBLIGATIONS** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**FUND EQUITY** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.



**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ACCOUNTING CHANGES** - GASB Statement No. 34 – Effective April 1, 2004, the Village implemented the provisions of Governmental Accounting Standards Board Statement No. 34 (GASB No. 34) *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related statements. Changes to the Village's financial statements as a result of GASB No. 34 are as follows:

- Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Village's activities have been provided.
- The fund financial statements focus on major funds rather than fund types.
- The governmental activities column includes long-term obligations previously reported in the General Long-term Debt Account Group. Beginning net assets having been restated accordingly.

**CASH AND CERTIFICATES OF DEPOSIT** - Deposits are carried at cost. Deposits of the Village are at one bank and one credit union in the name of the Village Treasurer. Act 217, PA 1982, authorizes the Village to deposit and invest in the accounts of Federally insured banks, insured credit unions, and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or States Banks; commercial paper rated within the three highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety or bond, for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan. The Village's deposits are in accordance with statutory authority.

The Balance Sheet Caption "Cash" includes imprest cash of \$838.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Village's cash deposits are as follows:

	<u>INSURED (NCUA)(FDIC)</u>	<u>UNINSURED AND UNCOLLATERALIZED</u>	<u>TOTAL</u>
Petty Cash	\$ -	\$ 838	\$ 838
Cash accounts	200,000	1,484,267	1,684,267
Certificates of Deposit	<u>-</u>	<u>3,870,948</u>	<u>3,870,948</u>
	<u>\$200,000</u>	<u>\$5,356,053</u>	<u>\$5,556,053</u>

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BUDGET AND BUDGETARY ACCOUNTING** - The budget shown in the financial statements was prepared on the accounting basis used to reflect actual results and consists only of those amounts contained in the formal budget approved or amended by the Village Council. The Village employs the following procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to March 1, the Village President prepares from data submitted by the administrator and officials of the Village a proposed operating budget for the year commencing the following April 1. The operating budget includes proposed expenditures and resources to finance them.
2. A Public Hearing is conducted to obtain taxpayers' comments.
3. During the fiscal year, the budget is legally enacted through passage of a resolution. During the year ended March 31, 2006, the budget was amended.

**USE OF ESTIMATES** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CASH EQUIVALENTS** - Certificates of deposit are considered cash equivalents for purposes of the statement of cash flows as they are readily converted into cash and generally mature at intervals less than 12 months.

**ENCUMBRANCES** - Encumbrances are defined as commitments related to unperformed contracts for goods or services. The Village does not record encumbrances in the normal course of operating its accounting system and no encumbrances are recorded in the accompanying financial statements.

**NOTE B - TAXES RECEIVABLE - DELINQUENT**

The County of Macomb has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year. The County will charge back to the local units of government any real property taxes not collected at the end of five years. Information from a bankruptcy case involving one taxpayer indicates a chargeback up to approximately \$79,000 may occur during the Village's next fiscal year end.

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE C – CAPITAL ASSETS**

Capital asset activity of the Village's Governmental and Business-Type Activities are summarized as follows:

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
GOVERNMENTAL ACTIVITIES:				
Land	\$ 12,997	\$ 21,896	\$ -	\$ 34,893
Vehicles	144,775	-	-	144,775
Equipment & Furniture	39,276	93,247	-	132,523
	<u>\$ 197,048</u>	<u>\$115,143</u>	<u>\$ -</u>	<u>\$312,191</u>
Less Accumulated Depreciation				( 61,775)
Net Capital Assets				<u>\$250,416</u>

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
BUSINESS-TYPE ACTIVITIES:				
Land	\$ 33,350	\$ -	\$ -	\$ 33,350
Wells	86,911	-	-	86,911
Buildings	136,782	-	-	136,782
Purification and Disposal Equipment	1,142,462	-	-	1,142,462
Mains and Sewers	2,466,020	343,455	-	2,809,475
Meters	141,964	63,350	-	205,314
Equipment	52,475	-	-	52,475
Construction in Progress	-	-	-	-
	<u>\$4,059,964</u>	<u>\$ 406,805</u>	<u>\$ -</u>	<u>\$4,466,769</u>
Less Accumulated Depreciation				(1,608,260)
Net Capital Assets				<u>\$2,858,510</u>

Depreciation expense was charged to programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES:	
General Government	\$ 28,679
Public Safety	<u>15,585</u>
Total Governmental Activities	<u>\$ 44,264</u>
BUSINESS-TYPE ACTIVITIES:	
Water	\$ 44,350
Sewer	<u>60,770</u>
Total Business-Type Activities	<u>\$105,120</u>

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE D - ACCOUNTS RECEIVABLE**

Business-type activities are due \$271,802 from Village residents and businesses for water and sewer user charges.

**NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

Michigan Public Act 621 of 1978, section 18 (1) as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted to the functional level.

During the year ended March 31, 2006, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>FUND</u>	<u>TOTAL APPROPRIATIONS</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
General government	\$627,720	\$635,797	\$( 8,077)
Parks and recreation	37,385	42,515	( 5,130)
Special Revenue Funds:			
Major street fund	83,050	87,186	( 4,136)
Fire fund	174,685	180,786	( 6,101)

**NOTE F - OBLIGATION UNDER CAPITAL LEASE**

In September, 2000 the Village purchased a street sweeper at a cost of \$111,200. The street sweeper was financed by a capital lease with annual payments of \$16,983 including interest at 6.94%. Payments are due through October, 2007 and the balance due at March 31, 2006 is \$30,728. The obligation is reported net of the amount representing interest based upon the fair market value of the street sweeper, and is reported in the governmental activities long term debt. Payments are made from general fund resources.

In May, 2003 the Village purchased a backhoe loader at a cost of \$55,500. The backhoe loader was financed by a capital lease with monthly payments of \$1,305 including interest at 5.5%. Payments are due through May, 2006 and the balance due at March 31, 2006 was \$2,515. The obligation is reported net of the amount representing interest based upon the fair market value of the backhoe loader, and is reported in the governmental activities long term debt. Payments are made from general fund resources.

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE F - OBLIGATION UNDER CAPITAL LEASE (continued)**

In September, 2003 the Village purchased a fire truck at a cost of \$212,012. The fire truck was financed by a capital lease with annual payments of \$31,285 including interest at 5.5%. Payments are due through October, 2010 and the balance due at March 31, 2006 was \$136,009. The obligation is reported net of the amount representing interest based upon the fair market value of the fire truck, and is reported in the governmental activities long term debt. Payments are made from fire fund resources.

Future minimum lease payments under the capital obligations and the present value of the net minimum lease payments as of March 31, 2006 are as follows:

<u>Year Ended</u> <u>March 31,</u>	<u>Amount</u>
2007	\$50,879
2008	48,268
2009	31,285
2010	31,285
2011	<u>31,285</u>
Net minimum lease payments	193,002
Less amount representing interest	( 23,748)
Present value of net minimum lease payments.	<u>\$169,254</u>

**NOTE G - LONG TERM DEBT**

The Village of New Haven has a bond issue serviced from its Sewer Fund:

On May 1, 1989, the Village issued \$945,720 in waste water disposal limited tax general obligation bonds to cover part of the cost of the construction of a new waste water disposal system. The bonds, which are recorded in the Sewer Fund, are payable first from net revenues derived from the operations of the system.

The principal balance on the bonds is due in varying annual installments starting at \$17,040 on October 1, 1990 and increasing by \$8,520 every two years thereafter until the principal is redeemed in full by October 1, 2007. The interest rate ranges from 7.50 to 5.00 percent, May, 1989 through October, 2007, payable semi-annually on April 1, and October 1.

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE G - LONG TERM DEBT (continued)**

The balance of this bond issue at March 31, 2006 is as follows:

Balance - March 31, 2005	\$264,120
Redemption	<u>85,200</u>
Balance - March 31, 2006	<u>\$178,920</u>

The following are the annual requirements to pay bonds at March 31, 2006:

<u>YEAR ENDING</u> <u>MARCH 31,</u>	<u>BUSINESS-TYPE ACTIVITIES</u> <u>ENTERPRISE FUNDS</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 85,200	\$ 7,881	\$ 93,081
2008	93,720	2,343	96,063
2009	-	-	-
	<u>\$178,920</u>	<u>\$10,224</u>	<u>\$189,144</u>

Other long-term debt includes compensated absences, which consists of accumulated vacation, sick, and other compensation totaling \$38,233.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>One Year</u>
<b>GOVERNMENTAL ACTIVITIES:</b>					
Capital Lease Obligations					
Street Sweeper	\$ 44,615	\$ -	\$ 13,887	\$ 30,728	\$14,851
Backhoe	16,915	-	14,400	2,515	2,515
Fire Truck	159,547	-	23,538	136,009	24,688
Compensated Absences	<u>21,074</u>	<u>17,159</u>	<u>-</u>	<u>38,233</u>	<u>-</u>
Total Governmental Activities	<u>\$242,151</u>	<u>\$17,159</u>	<u>\$ 51,825</u>	<u>\$207,485</u>	<u>\$42,054</u>
<b>BUSINESS TYPE ACTIVITIES:</b>					
Limited Tax General					
Obligation Bond – Sewer	<u>\$264,120</u>	<u>\$ -</u>	<u>\$ 85,200</u>	<u>\$178,920</u>	<u>\$85,200</u>

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE H - INTERFUND RECEIVABLE AND PAYABLE BALANCES**

Interfund receivable and payable balances described as Due From and Due To Other funds on the balance sheets reflect amounts due or owed to a particular fund by another fund of the Village. A summary of these balances at March 31, 2006 is as follows:

	<u>2006</u>	
	<u>DUE FROM</u>	<u>DUE TO</u>
GENERAL FUND		
Enterprise Funds:		
Sewer Fund	\$ 45,248	\$ -
ENTERPRISE FUNDS		
Sewer Fund:		
General Fund	-	45,248
	<u>\$ 45,248</u>	<u>\$ 45,248</u>

**NOTE I - PENSION PLAN**

The Village has a defined contribution plan covering all full time personnel which requires contributions by the Village. The plan is referred to as "The Village of New Haven Retirement Program" and plan assets are maintained by Mass Mutual Life Insurance Company. The Village of New Haven is Plan Administrator. The plan was developed under authority of Internal Revenue Code Section 401 and any amendments must comply with current laws and regulations as administered by Internal Revenue Service.

Total compensation of covered employees, and total compensation of all employees for the year ended March 31, 2006 amounted to \$704,620 and \$1,018,818, respectively. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individuals account are to be determined instead of specifying the amount of benefits the individual is to receive. Such benefits depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits prior to vesting. Contributions to the plan are made by the Village based upon 5% of the participant's gross wages. Participants may contribute to the plan, at their option, with after tax dollars.

During the year ended March 31, 2006 the Village contributed \$37,110 to the plan. The Village contributions are net of forfeitures.

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE J - ACCUMULATED EMPLOYEE VACATION, SICK, AND OTHER COMPENSATION**

The Village of New Haven employees are granted vacation time in varying amounts based on length of service. Policies for accumulated vacation pay, which is paid at current rates, are summarized below:

Department of Public Works

Vacation days accumulated and not used shall be paid to the employee each year on March 31.

Police Department

Vacation days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days.

General

Vacation days accumulated and not used shall be paid to the employee at termination of employment.

The Village's approximate liability for accumulated vacation pay at March 31, 2006 and 2005 amounted to \$9,536 and \$5,645, respectively.

The Village of New Haven employees are also granted twelve days per year sick leave. Policies for accumulated sick pay, which is paid at current rates, are summarized below:

Department of Public Works

Sick days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days.

Police Department

Sick days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days. Sick days accumulated in excess of thirty days shall be paid to the employee each year on July 1.

General

Sick days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days.

The Village's approximate liability for accumulated sick pay at March 31, 2006 and 2005 amounted to \$19,166 and \$11,448, respectively.



**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE J - ACCUMULATED EMPLOYEE VACATION, SICK, AND OTHER COMPENSATION**  
**(continued)**

Those Village of New Haven police department employees under union contract are granted "comp time" as follows:

Employees have the option of being paid overtime currently or accumulating the unpaid overtime as "comp time" available for additional time off. Comp time accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of 100 hours.

The Village's approximate liability for accumulated comp time at March 31, 2006 and 2005 amounted to \$9,531 and \$3,981, respectively.

The liability for the accumulated vacation, sick pay, and other compensation is reported as long term debt.

**NOTE K - LEASE ARRANGEMENTS**

The Village leases property to an unrelated party. The lease calls for monthly rents of \$300. The lease is on a month-to-month basis and accounted for in the general fund.

**NOTE L - COMMITMENTS**

As part of the 1987 agreement to connect with the City of Detroit Sewer System, the Village is committed to clean and properly abandon its old waste water treatment plant. Based on preliminary estimates, the Village expects to complete the project at a cost of \$57,000.

The Village is currently monitoring groundwater quality near its police station pursuant to the removal of underground storage tanks. The monitoring is designed to provide information necessary to issue a favorable closure report. If issuance of the closure report is not possible, remedial costs could be significant.

The Village has committed to participation in a sewer expansion project with various other surrounding communities. The estimated cost to the Village is \$4,500,000. Payment arrangements have not been finalized, but the project is expected to be financed entirely through the issuance of bonds. Subsequent to the date of these financial statements, the Village issued bonds totaling \$1,080,992 to cover the cost of the first phase of the project.

On February 11, 2005, the Village entered into a Lease Agreement for a new operating facility yet to be constructed. The Lease, which commences upon substantial completion of the facility, as defined in the Agreement, calls for an annual base rent of \$198,000 for 25 years. The Lease Agreement contains a purchase option provision at \$3,500,000.

The Village leases its Police Department facility on a month to month basis. The lease calls for a monthly base rent of \$3,708. Rent expense for the year ended March 31, 2006 amounted to \$62,915.

**VILLAGE OF NEW HAVEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE M - FIRE FUND**

The Village has established a special assessment district to finance its fire department. The district includes all real property within the Village. The Village Board of Trustees is authorized to levy a special assessment upon these property owners of up to 3 mills annually. The special assessment must be used for fire department purposes only. Michigan law requires establishment of a separate special revenue fund to account for this activity.

**NOTE N – RESTRICTED ASSETS**

Restricted assets consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Village Ordinance requires money be designated for major repairs or replacements within the sewer system	\$ -	\$ 157,552
Certain amounts within the Perpetual Care Fund are designated for maintenance of the Village Cemetery	<u>37,936</u>	<u>-</u>
	<u>\$ 37,936</u>	<u>\$ 157,552</u>

Village policy is to apply unrestricted resources to appropriations prior to restricted resources.

**NOTE O – RISK MANAGEMENT**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for employee medical claims, and participates in the Michigan Municipal League Liability and Property Pool program for claims relating to property loss, torts, errors and omissions, workers' compensation and personal injuries. Settled claims relating to these risks have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League Liability and Property Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

## **SUPPLEMENTAL INFORMATION**

VILLAGE OF NEW HAVEN  
GENERAL FUND  
BALANCE SHEET  
MARCH 31, 2006 AND 2005

ASSETS

	<u>2006</u>	<u>2005</u>
CASH AND CASH EQUIVALENTS	\$1,804,049	\$1,708,221
RECEIVABLES:		
Taxes	18,892	33,551
Accounts	<u>12,664</u>	<u>4,078</u>
	31,556	37,629
Less: Allowance for doubtful accounts	<u>0</u>	<u>0</u>
	31,556	37,629
DUE FROM OTHER FUNDS	<u>45,248</u>	<u>45,248</u>
	<u><u>\$1,880,853</u></u>	<u><u>\$1,791,098</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES		
Accounts payable	\$56,381	\$87,623
Accrued expenses	<u>14,605</u>	<u>30,070</u>
	70,986	117,693
DUE TO OTHER FUNDS	0	0
FUND BALANCE		
Unreserved - undesignated	<u>1,809,867</u>	<u>1,673,405</u>
	<u><u>\$1,880,853</u></u>	<u><u>\$1,791,098</u></u>

VILLAGE OF NEW HAVEN  
GENERAL FUND  
DETAILED STATEMENT OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
TAXES				
Property	\$647,035	\$724,769	\$732,826	\$8,057
Trailer park	4,000	2,706	3,042	336
	<u>651,035</u>	<u>727,475</u>	<u>735,868</u>	<u>8,393</u>
INTERGOVERNMENTAL				
Sales Tax	354,000	350,000	350,809	809
Liquor Tax	1,740	1,830	1,830	0
CDBG	1,000	5,000	0	(5,000)
	<u>356,740</u>	<u>356,830</u>	<u>352,639</u>	<u>(4,191)</u>
CHARGES FOR SERVICES				
Equipment rental	121,500	100,000	92,589	(7,411)
Clerical and office rent	70,000	70,000	70,000	0
	<u>191,500</u>	<u>170,000</u>	<u>162,589</u>	<u>(7,411)</u>
INTEREST EARNED	78,000	140,000	175,426	35,426
MISCELLANEOUS				
Fines and forfeits	26,275	54,580	54,580	0
Miscellaneous	191,785	38,217	27,669	(10,548)
Cops Grant	23,475	6,660	0	(6,660)
Homeland Security Grant	0	0	10,580	10,580
Police Fund	0	9,975	18,940	8,965
Police wage reimbursement	0	0	0	0
Metro Housing Grant	2,100	7,148	6,648	(500)
Metro Authority Act	0	0	8,733	8,733
Smart Fund	0	0	0	0
Previous Fund Balance	0	0	0	0
	<u>243,635</u>	<u>116,580</u>	<u>127,150</u>	<u>10,570</u>
	<u>\$1,520,910</u>	<u>\$1,510,885</u>	<u>\$1,553,672</u>	<u>\$42,787</u>

VILLAGE OF NEW HAVEN  
GENERAL FUND  
DETAILED STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>GENERAL GOVERNMENT</b>				
Salaries - General	\$91,100	\$96,300	\$95,948	\$352
Council	13,500	17,000	19,876	(2,876)
Assessor	0	0	0	0
Clerk	8,600	7,500	7,500	0
Treasurer	1,600	1,600	1,600	0
Presidents Pay	9,000	14,400	15,600	(1,200)
Planning and housing	3,675	4,895	4,970	(75)
Payroll taxes and benefits	45,000	64,000	64,686	(686)
Election	105	5,100	5,026	74
Supplies	21,040	20,300	22,210	(1,910)
Professional services	110,000	160,000	158,983	1,017
Bad debts	0	0	0	0
Inspectors	0	0	297	(297)
Telephone	11,000	7,500	7,934	(434)
Printing and publishing	4,500	14,000	14,292	(292)
Hydrant charge	11,375	11,375	11,375	0
Sewer charge	10,000	10,000	10,000	0
Insurance	78,760	72,500	72,111	389
Heat, light and power	3,500	3,000	3,276	(276)
Building repair and maintenance	17,500	10,950	14,861	(3,911)
Equipment repair and maintenance	28,000	20,200	19,933	267
Miscellaneous	6,520	10,700	6,392	4,308
Membership and dues	7,300	1,400	4,479	(3,079)
Capital outlay	185,000	70,000	73,321	(3,321)
CDBG - Various	1,000	5,000	1,127	3,873
<hr/>				
General Government - balance forwarded	\$668,075	\$627,720	\$635,797	(\$8,077)

VILLAGE OF NEW HAVEN  
GENERAL FUND  
DETAILED STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>PUBLIC SAFETY</b>				
Police:				
Salaries	\$412,000	\$402,000	\$414,742	(\$12,742)
Payroll taxes and benefits	123,500	117,000	106,152	10,848
Supplies	9,900	7,950	11,272	(3,322)
Training costs	6,000	6,000	(155)	6,155
Gasoline and oil	9,000	17,000	18,737	(1,737)
Uniforms	8,000	5,200	5,438	(238)
Professional services	15,500	36,000	28,828	7,172
Telephone	11,000	8,000	9,032	(1,032)
Vehicle	11,200	18,000	15,482	2,518
Insurance	17,225	18,100	23,881	(5,781)
Heat, light and power	10,200	10,750	12,386	(1,636)
Rent	40,500	63,690	62,915	775
Repair and maintenance	8,100	250	158	92
Membership and dues	0	2,200	0	2,200
Capital outlay	40,000	40,000	28,807	11,193
Miscellaneous	0	990	0	990
	<u>722,125</u>	<u>753,130</u>	<u>737,675</u>	<u>15,455</u>
<b>PARKS, RECREATION AND SMART</b>				
Salaries and wages	16,300	15,500	14,893	607
Payroll taxes and benefits	2,500	2,500	1,392	1,108
Supplies	2,100	2,700	2,602	98
Gasoline and oil	0	0	0	0
Insurance	1,000	300	1,254	(954)
Professional services	345	0	0	0
Vehicle expense	65	1,700	3,123	(1,423)
Equipment rental	0	13,000	12,385	615
Recreation program	5,315	1,250	6,161	(4,911)
Utilities	4,200	300	321	(21)
Miscellaneous	0	135	384	(249)
	<u>31,825</u>	<u>37,385</u>	<u>42,515</u>	<u>(5,130)</u>
Parks, Recreation & SMART				
	<u>\$1,422,025</u>	<u>\$1,418,235</u>	<u>\$1,415,987</u>	<u>\$2,248</u>
<b>TOTAL EXPENDITURES</b>				

VILLAGE OF NEW HAVEN  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
MARCH 31, 2006

ASSETS							
MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	FIRE FUND	CEMETERY	DRUG LAW ENFORCEMENT	2006 TOTAL	
CASH AND CASH EQUIVALENTS							
ACCOUNTS RECEIVABLE	\$436,055	\$64,069	\$768,250	\$209,734	\$348	\$27,954	
DUE FROM OTHER FUNDS	21,406	7,179	0	0	0	819	
	0	0	0	0	0	0	
	\$457,461	\$71,248	\$768,250	\$209,734	\$348	\$28,773	
						\$1,535,814	
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts Payable	\$844	\$3,214	\$5,097	\$3,638	\$346	\$0	
Accrued Expenses	0	0	0	0	0	0	
Due to other funds	0	0	0	0	0	0	
	844	3,214	5,097	3,638	346	0	
						13,139	
FUND BALANCE							
Unreserved - undesignated	456,617	68,034	763,153	206,096	2	28,773	
	\$457,461	\$71,248	\$768,250	\$209,734	\$348	\$28,773	
						\$1,535,814	



VILLAGE OF NEW HAVEN  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED MARCH 31, 2006

	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	FIRE FUND	CEMETERY	DRUG LAW ENFORCEMENT	2006 TOTAL
<b>REVENUES</b>							
Taxes	\$0	\$0	\$289,869	\$200,521	\$31,016	\$0	\$521,406
Intergovernmental	132,429	44,410	0	22,346	0	0	199,185
Charges for services	0	0	0	0	9,600	0	9,600
Interest earned	0	0	0	0	694	0	694
Miscellaneous	0	0	0	0	14,497	19,700	34,197
	132,429	44,410	289,869	222,867	55,807	19,700	765,082
<b>EXPENDITURES</b>							
General government	0	0	0	0	58,028	4,654	62,682
Public Safety	0	0	0	180,786	0	0	180,786
Highway and streets	87,186	63,880	36,201	0	0	0	187,267
	87,186	63,880	36,201	180,786	58,028	4,654	430,735
<b>REVENUES OVER (UNDER) EXPENDITURES</b>							
	45,243	(19,470)	253,668	42,081	(2,221)	15,046	334,347
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	0	0	0	0	6,745	0	6,745
Operating transfers out	0	0	0	0	0	0	0
	0	0	0	0	6,745	0	6,745
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>							
	45,243	(19,470)	253,668	42,081	4,524	15,046	341,092
<b>FUND BALANCES (DEFICIT)</b>							
Beginning of the year	411,374	87,504	509,485	164,015	(4,522)	13,727	1,181,583
<b>FUND BALANCES (DEFICIT)</b>							
End of the year	\$456,617	\$68,034	\$763,153	\$206,096	\$2	\$28,773	\$1,522,675

VILLAGE OF NEW HAVEN  
CEMETERY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
<b>REVENUES</b>				
Property taxes	\$28,130	\$31,100	\$31,016	(\$84)
Charges for services	5,450	8,700	9,600	900
Interest earned	100	100	694	594
Miscellaneous:				
Sale of lots	2,800	13,400	13,400	0
Foundations	630	985	1,097	112
Previous Fund Balance	0	0	0	0
	37,110	54,285	55,807	1,522
<b>EXPENDITURES</b>				
Wages and clerical	25,500	28,000	26,348	1,652
Payroll taxes and benefits	11,500	12,000	11,138	862
Supplies	900	1,500	1,000	500
Gas and oil	1,300	1,700	1,649	51
Uniforms	0	115	115	0
Professional services	0	0	0	0
Insurance	(605)	15	15	0
Repair and maintenance	0	0	0	0
Equipment rental	25,000	17,500	17,396	104
Miscellaneous	110	200	367	(167)
Bad debts	0	0	0	0
	63,705	61,030	58,028	3,002
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(26,595)	(6,745)	(2,221)	4,524
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in -				
Perpetual Care Fund	7,000	5,522	5,522	0
General Fund	25,783	1,223	1,223	0
	32,783	6,745	6,745	0
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$6,188</u>	<u>\$0</u>	4,524	<u>\$4,524</u>
<b>FUND BALANCE (DEFICIT)</b>				
Beginning of the year			(4,522)	
<b>FUND BALANCE (DEFICIT)</b>				
End of the year			<u>\$2</u>	

VILLAGE OF NEW HAVEN  
 DRUG LAW ENFORCEMENT FUND  
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
REVENUES				
Seizures & forfeitures	\$6,295	\$24,000	\$19,700	(\$4,300)
Previous Fund Balance	13,520	0	0	0
	19,815	24,000	19,700	(4,300)
EXPENDITURES				
Capital outlay	16,150	4,200	4,171	29
Miscellaneous	3,665	500	483	17
	19,815	4,700	4,654	46
REVENUES OVER (UNDER) EXPENDITURES	<u>\$0</u>	<u>\$19,300</u>	15,046	<u>(\$4,254)</u>
FUND BALANCE				
Beginning of the year			<u>13,727</u>	
FUND BALANCE				
End of the year			<u>\$28,773</u>	

VILLAGE OF NEW HAVEN  
CEMETERY PERPETUAL CARE TRUST FUND  
BALANCE SHEET  
MARCH 31, 2006 AND 2005

ASSETS

	2006	2005
CASH	(\$4,402)	\$1,120
CERTIFICATES OF DEPOSIT	45,203	44,383
	<u>\$40,801</u>	<u>\$45,503</u>

LIABILITIES AND FUND BALANCE

FUND BALANCE		
Reserved	\$37,936	\$42,638
Unreserved - undesignated	2,865	2,865
	<u>\$40,801</u>	<u>\$45,503</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEARS ENDED MARCH 31, 2006 AND 2005

REVENUES		
Miscellaneous - interest	\$820	\$1,074
	820	1,074
EXPENDITURES		
Miscellaneous	0	0
	0	0
REVENUE OVER (UNDER) EXPENDITURES	820	1,074
OTHER FINANCING SOURCES (USES)		
OPERATING TRANSFER OUT		
Cemetery Fund	(5,522)	(7,000)
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(4,702)	(5,926)
FUND BALANCE		
Beginning of the year	45,503	51,429
FUND BALANCE		
End of the year	<u>\$40,801</u>	<u>\$45,503</u>

VILLAGE OF NEW HAVEN  
ENTERPRISE FUND - WATER  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
OPERATING REVENUES				
User charges	\$309,000	\$280,000	\$360,014	\$80,014
Hydrant rental	11,375	11,375	9,154	(2,221)
Water tap - ins	194,795	95,000	87,355	(7,645)
Miscellaneous	30,755	6,900	16,969	10,069
Previous Fund Balance	0	155,475	0	(155,475)
	545,925	548,750	473,492	(75,258)
OPERATING EXPENSES				
Salaries and wages	99,000	100,000	98,168	1,832
Plant charges	296,705	401,750	381,908	19,842
Depreciation	40,000	45,000	44,350	650
Capital outlay	1,000	2,000	1,543	457
	436,705	548,750	525,969	22,781
OPERATING INCOME	109,220	0	(52,477)	(52,477)
NONOPERATING REVENUES (EXPENSES)				
Interest on bonds	(870)	0	0	0
	(870)	0	0	0
NET INCOME (LOSS)	<u>\$108,350</u>	<u>\$0</u>	<u>(52,477)</u>	<u>(\$52,477)</u>
RETAINED EARNINGS (DEFICIT)				
Beginning of the year			<u>1,699,479</u>	
RETAINED EARNINGS (DEFICIT)				
End of the year			<u>\$1,647,002</u>	

VILLAGE OF NEW HAVEN  
ENTERPRISE FUND - SEWER  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
OPERATING REVENUES				
User charges	\$377,725	\$411,000	\$498,024	\$87,024
Sewer rental	10,000	10,000	10,000	0
Sewer tap - ins	222,300	143,000	164,245	21,245
	610,025	564,000	672,269	108,269
OPERATING EXPENSES				
Salaries and wages	73,000	80,500	82,414	(1,914)
Plant charges	406,322	375,850	449,714	(73,864)
Sewer repair	0	0	0	0
Depreciation	50,000	54,000	60,770	(6,770)
Capital outlay	1,000	2,000	1,553	447
	530,322	512,350	594,451	(82,101)
OPERATING INCOME	79,703	51,650	77,818	26,168
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	1,500	1,500	3,892	2,392
Interest on bonds	(20,310)	(14,500)	(14,271)	229
Capital Contributions	0	0	146,966	146,966
	(18,810)	(13,000)	136,587	149,587
NET INCOME (LOSS)	<u>\$60,893</u>	<u>\$38,650</u>	214,405	<u>\$175,755</u>
RETAINED EARNINGS (DEFICIT)				
Beginning of the year			<u>2,462,640</u>	
RETAINED EARNINGS (DEFICIT)				
End of the year			<u>\$2,677,045</u>	

VILLAGE OF NEW HAVEN  
ENTERPRISE FUND - BUILDING  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
OPERATING REVENUES				
Permits & licenses	\$195,000	\$215,000	\$174,826	(\$40,174)
Miscellaneous	0	0	0	0
	195,000	215,000	174,826	(40,174)
OPERATING EXPENSES				
Salaries and wages	179,400	149,800	198,997	(49,197)
Professional fees	(40,500)	(17,000)	(30,836)	13,836
Miscellaneous	400	1,250	2,483	(1,233)
	139,300	134,050	170,644	(36,594)
OPERATING INCOME (LOSS)	55,700	80,950	4,182	(76,768)
NONOPERATING REVENUES (EXPENSES)				
Operating transfers in - General Fund	0	0	0	0
	0	0	0	0
NET INCOME (LOSS)	<u>\$55,700</u>	<u>\$80,950</u>	4,182	<u>(\$76,768)</u>
RETAINED EARNINGS (DEFICIT)				
Beginning of the year			<u>49,161</u>	
RETAINED EARNINGS (DEFICIT)				
End of the year			<u>\$53,343</u>	

VILLAGE OF NEW HAVEN  
CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEARS ENDED MARCH 31, 2006 AND 2005

ASSETS

	<u>BALANCE</u> <u>April 1, 2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>March 31, 2006</u>
CASH	\$0	\$1,235,718	\$1,235,718	\$0
	<u>\$0</u>	<u>\$1,235,718</u>	<u>\$1,235,718</u>	<u>\$0</u>

LIABILITIES

ACCOUNTS PAYABLE:				
DUE TO GENERAL FUND	\$0	\$714,312	\$714,312	\$0
DUE TO MUNICIPAL STREET FUND	0	289,869	289,869	0
DUE TO FIRE FUND	0	200,521	200,521	0
DUE TO CEMETERY FUND	0	31,016	31,016	0
DUE TO WATER AND SEWER FUNDS	0	0	0	0
	<u>\$0</u>	<u>\$1,235,718</u>	<u>\$1,235,718</u>	<u>\$0</u>

ASSETS

	<u>BALANCE</u> <u>April 1, 2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>March 31, 2005</u>
CASH	\$0	\$1,081,739	\$1,081,739	\$0
	<u>\$0</u>	<u>\$1,081,739</u>	<u>\$1,081,739</u>	<u>\$0</u>

LIABILITIES

ACCOUNTS PAYABLE:				
DUE TO GENERAL FUND	\$0	\$626,562	\$626,562	\$0
DUE TO MUNICIPAL STREET FUND	0	254,257	254,257	0
DUE TO FIRE FUND	0	170,696	170,696	0
DUE TO CEMETERY FUND	0	27,242	27,242	0
DUE TO WATER AND SEWER FUNDS	0	2,982	2,982	0
	<u>\$0</u>	<u>\$1,081,739</u>	<u>\$1,081,739</u>	<u>\$0</u>



*JOHN W. RHINESMITH, C.P.A., P.C.*

*CERTIFIED PUBLIC ACCOUNTANT*

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December 22, 2006

Board of Trustees  
Village of New Haven  
P.O. Box 480429  
58725 Havenridge Avenue  
New Haven, Michigan 48048

In planning and performing our audit of the financial statements of Village of New Haven for the year ended March 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Village of New Haven's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

1. Pursuant to ordinance No. 280, as amended, Board of Trustee approval is required for Village purchases in excess of \$1,500.00. The following discrepancies were noted in that regard:

We noted no Board approval for the following:

- Payment to Pamar totaling \$20,919.48 for repairs to water mains by the Water Fund on March 31, 2006.
- Payments to Michael Chevrolet totaling \$9,081.85 for repairs to a police vehicle by the General Fund on July 15, 2005.

- Payment to Michael Chevrolet totaling \$1,964.39 for repairs to a police vehicle by the General Fund on November 10, 2005.
- Payment to Michael Chevrolet totaling \$3,717.96 for repairs to a police vehicle by the General Fund on December 23, 2005.
- Payment to Cruisers totaling \$10,076.00 for equipment on a police vehicle (Tahoe) purchased by the General Fund on September 30, 2005.
- Payment to Motorola totaling \$10,400.00 for radios purchased by the Fire Fund on January 27, 2006.

We noted the following purchases exceeded the amounts approved:

- Payment to GA Industries totaling \$12,001.00 for valves purchased by the Water Fund on May 13, 2005 exceeded the amount approved by \$2,001.00.
- Payment to Proline totaling \$2,445.00 for pumps purchased by the Fire Fund on March 31, 2006 exceeded the amount approved by \$775.00.

2. Regarding Water and Sewer Activity:

- We noted water and sewer penalties for the year were not posted to general ledger. Obviously, a reconciliation of utility billing reports to general ledger had not been performed adequately. This omission resulted in incomplete financial records. The omission was corrected with audit adjusting entries. This is a serious matter that needs to be rectified and closely monitored.
- We noted the water and sewer outstanding balances report as of March 31, 2006 did not agree to general ledger as adjusted by our auditors. We also noted many credit balances within the report. Maintenance of general ledger and subsidiary schedules is fundamental to sound internal control over assets. We recommend the outstanding balances report be reconciled to general ledger routinely.
- Penalties relating to the November, 2005 billing were not assessed. Ordinance 213 requires a penalty be assessed to any bill 20 days past due. We noted no approval from the Board of Trustees or the President to waive the assessment of penalties. We do not believe office personnel are authorized to make such a decision. We recommend controls be implemented to avoid this type of situation in the future.

- We noted sewer charges billed by Macomb County increased from the prior year \$63,641 or 22%. Sewer revenue, however, did not increase accordingly. The sewer commodity rate charged by Macomb County only increased 1%. We recommend this situation be analyzed.
  - We noted water and sewer billing during February, 2006 was significantly less than the same period a year prior in terms of units billed. We noted no corresponding decrease in the cost of water charged by the City of Detroit. And the number of customers on the system appeared to have increased from February, 2005 to February, 2006 by approximately 135. We recommend this discrepancy be investigated.
3. We noted the Village does not routinely store computer backups off site at a location accessible to New Haven officials. To help ensure uninterrupted use of the computers and timely financial reporting throughout a catastrophic event, we recommend the Village routinely store computer backups off site, on a monthly basis.
4. As of completion of our fieldwork, the following Community Development Block Grants have not yet been received:

<u>Year</u>	<u>Description</u>	<u>Amount</u>
2003	Main Street Water Line	\$ 36,000
2004	Various, including water and sewer line and sidewalks	34,092
2005	Various, including sidewalks	29,928
2006	Various, including sidewalks	<u>26,100</u>
		<u>\$126,120</u>

According to officials within the Planning and Economic Development Department of Macomb County, it appears New Haven may relinquish approximately \$72,000 of the Grant money mentioned above if certain conditions are not met by May 1, 2007. We suggest immediate attention be given to this matter.

5. We noted the following regarding trash services:
- The office copy of the contract with Rizzo Services is not signed by a Rizzo official.

- We found no provision within the contract allowing the fuel surcharge assessed by Rizzo during the year.
- 6. Regarding construction of the New Town Center, we found no authority to waive the demolition permit fee or the water and sewer tap fees.
- 7. We noted the donation of \$20,000 expected from Weathervane Properties had not yet been received. We recommend this matter be investigated.
- 8. The schedule of outstanding building bonds does not agree with general ledger. Although it appears the design of the schedule is sufficient to provide the information necessary to reconcile to general ledger, that step has not been taken. We recommend the schedule be reconciled to general ledger on a monthly basis.
- 9. Pursuant to a Bankruptcy Order and a Development and Option Agreement, HR One Development, LLC owes the Village the following amounts:
  - Delinquent IFT \$ 6,797.75
  - Delinquent taxes and delinquent water bill (to be paid to Macomb County) 56,561.55
  - Engineering fees 20,000.00
  - \$83,359.30

We recommend these amounts be pursued.

- 10. Gas and oil expenditure within the Police Department increased approximately 77% from the prior year. It does not appear as though the increase is attributable entirely to a rise in cost per gallon. We recommend this situation be analyzed.
- 11. An April, 2006 payroll check to the President was cashed on March 31, 2006. It appears the check was released prior to the payroll period to which it related. We recommend a policy be adopted which requires elected officials be paid during the month following the month of service.
- 12. The Village Credit Card Policy adopted August 12, 2003 requires each card have a spending limit of \$1,000.00. It appears the spending limit on several cards may actually be \$1,500.00. We recommend this situation be investigated.

13. Regarding the Police Officer working in the schools we noted the following:

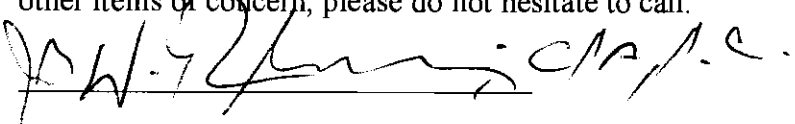
- Apparently an Agreement to share the cost of the Police Officer 50:50 over a three year period has been entered into with the School District. We found no Board of Trustee approval for such an Agreement.
- It appears the Village has not yet sought any reimbursement under the Agreement.

14. A parcel of land owned by the Village and located on Clark Street was sold to an individual in February, 2005 for \$7,000.00. Village Ordinance 280 requires quotations or competitive bids be obtained before such a transaction is executed. We found no evidence indicating quotations or bids had been received.

15. According to information provided to our auditors, Village of New Haven is seriously delinquent its obligation to clean and properly abandon its waste water treatment plant. We suggest remedial action be taken immediately.

This report is intended solely for the information and use of Village of New Haven, management and Board of Trustees of Village of New Haven. This restriction is not intended to limit distribution of this report, which is matter of public record.

If you have any questions or comments regarding the above, or would like to discuss other items of concern, please do not hesitate to call.

A handwritten signature in black ink, appearing to read "J.W. Rhinesmith, C.P.A., P.C.", written over a horizontal line.

JOHN W. RHINESMITH, C.P.A., P.C.  
Certified Public Accountant